



# The City of College Station, Texas

*Embracing the Past, Exploring the Future.*

## Office of the City Manager

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**TO:** Honorable Mayor and City Council Members

**FROM:** Charles Cryan, Director of Fiscal Services *CC*

**THROUGH:** Tom Brymer, City Manager *TB*

**DATE:** May 3, 2001

**SUBJECT:** Parks Board recommendations for funding new parkland acquisition

The Parks Advisory Board (PAB) has identified a method of paying for new parks that creates some issues from a financial prospective. Their recommendation is to purchase land for neighborhood parks 5 to 7 years ahead of anticipated development. In order to fund the acquisition, they recommend that the city will issue certificates of obligation. Their strategy for making debt service payments on the certificates would be from parkland dedication fees.

Here are some of the issues that the PAB recommendation raises:

- 1) If the land is acquired 5 to 7 years ahead of development, then there will be no parkland dedication fees to pay the debt service or even the interest for 5 to 7 years.
- 2) The parkland dedication has been upheld, at least partly, based on the fact that the funds are used within the district in which the fee is paid. Under the scenario proposed by the PAB, it is at least possible that a court could find that the Parkland dedication is not legal if we used funds from one district to pay debt service on land acquired in another district when there are not other funds available for the debt service.
- 3) The city could be mistaken and development may take more than 5 to 7 years to occur, since development depends on the private sector. The private sector will only develop an area when it sees a potential for making a profit, regardless of the timing of the park land acquisition.

As an alternative, I suggest that the PAB look at including an amount for neighborhood park acquisition in advance of development in the next general obligation bond authorization recommendation. The bonds used for neighborhood parks or the debt service could be replaced with appropriate parkland dedication fees. However, there are no guarantees that any such revenue would ever be available. This may not achieve all of the PAB's goal, but it will provide a mechanism that, if approved by the voters, will make available funding that meets all of the requirements for rating agencies and investors and be within the city's ability to pay. Another "plus" to this option is that it allows the Council and the voters to prioritize this need with other needs of the citizens within the context of the 5 year planning process.

Another alternative is to add to the ad valorem tax rate an amount that would provide funding for the acquisition of neighborhood parks in advance of development. This option places such acquisition above other priorities of the city for funding immediate funding.

I recommend that the council choose to direct that staff and the PAB look into placing funding for neighborhood park acquisition in the next bond election.